

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:352
ANSWERED ON:15.12.2006
NORMS FOR CORPORATE DEBT MARKET
Patil Shri Balasaheb Vikhe

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has finalised the norms for corporate debt market;
- (b) if so, the details thereof;
- (c) whether the existing laws and rules are to be amended for this; and
- (d) if so, the details thereof and the time frame for action taken/proposed to be taken in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI P.CHIDAMBARAM)

(a) to (d): A statement is placed on the table of the House.

Statement referred to in reply to parts (a) to (d) of Lok Sabha Starred Question No. 352 for answer on 15th December, 2006 on ` Norms for Corporate Debt Market ` raised by Shri Balasaheb Vikhe Patil

(a) to (c): The Government had set up a High-Level Expert Committee on Corporate Bonds and Securitisation (Patil Committee) to look in to legal, regulatory, tax and market design issues in the development of the corporate bond market. The Committee submitted its report to the Government in December, 2005. The Budget of 2006-07 announced that the Government has accepted the recommendations of the Report and that steps would be taken to create a single, unified exchange-traded market for corporate bonds. The implementation of the recommendations of the Committee would require changes in various statutes.

(d): The measures already taken in respect of implementation of the recommendations of the Patil Committee include:

(i) The Union Cabinet has approved the amendments to the Securities Contracts (Regulation) Act, 1956 to include securitized instruments within the ambit of ` securities `.

(ii) Securities and Exchange Board of India (SEBI) has issued a circular on 12th December, 2006 conveying the decision that the Bombay Stock Exchange Limited would set up and maintain a corporate bond reporting platform, with effect from 1st January, 2007, as envisaged in the first phase of development of the corporate bond market by the Patil Committee.

(iii) SEBI and RBI had set up internal Working Groups to work out plans for implementation of the recommendations of the report. They have submitted their reports.

(iv) The Standing Committee of State Secretaries of Stamps and Registration of Department of Revenue has taken up for examination the recommendation regarding stamp duty on debt instruments.